

Message Text

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TO USMISSION GENEVA PRIORITY

C O N F I D E N T I A L STATE 001744

USMTN FOR AMB MCDONALD

FOLLOWING REPEAT TOKYO 0088 ACTION STATE HONG KONG JAN 4.

QUOTE C O N F I D E N T I A L TOKYO 0088

DEPT PASS STR ELECTRONICALLY

HONG KONG FOR AMB. MANSFIELD, HOLBROOKE AND HEGINBOTHAM

E.O. 11652: GDS

TAGS: ETRD, JA, US

SUBJECT: AMB. WOLFF VISIT TO JAPAN WITH ADVANCE TEAM

REF: STATE 310056

1. SUMMARY: EMBASSY IS SEEKING TO PLAN SCHEDULE AND EVALUATE
SUBSTANCE OF WORK OF WOLFF ADVANCE TEAM. AMBASSADOR HOPES MEET
TEAM EARLY MONDAY AND IT CAN THEN MOVE QUICKLY TO DISCUSSION OF
DRAFT TEXTS WITH GOJ. U.S. NEGOTIATING LEVERAGE IS BY NOW
LIMITED, BUT WAY CAN BE KEPT OPEN FOR MORE LATER. GOJ UNWILLING
PROMISE TO ACHIEVE CURRENT ACCOUNT DEFICIT, BUT WILL UNDERTAKE
REDUCTION OF SURPLUS BY 40-50 PERCENT IN JFY-78. AGREEMENT OF
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OTHER ISSUES IS CLOSE BUT NOT COMPLETE. END SUMMARY.

2. IN PREPARING FOR WOLFF AND ADVANCE TEAM EMBASSY ANTICIPATES
MEETING OF FULL GROUP WITH AMBASSADOR ON MONDAY MORNING (JAN.
9) FOLLOWED BY MORE DETAILED BUT BRIEF DISCUSSION WITH EC STAFF.
FIRST MEETING WITH JAPANESE WILL PROBABLY BE AT 11:00 A.M. SAME
MORNING AND WILL INCLUDE FULL GROUPS ON BOTH SIDES.

3. WE ASSUME DISCUSSION WILL FOCUS ON TEXTS OF UNILATERAL JAPANESE STATEMENT AND JOINT PRESS RELEASE (PARA. 10 REFTEL) AS BEST MEANS OF SURFACING AND RESOLVING REMAINING GAPS. SOME SUBJECTS PROBABLY CAN BE REFERRED TO SMALLER COMMITTEES. TOPICS IN THAT CATEGORY MAY INCLUDE MTN COMMITMENT, GOVERNMENT PROCUREMENT, EXPORT AND IMPORT CREDITS, AND AID. HOWEVER, IT IS PROBABLY BEST TO LEAVE THIS PROCEDURAL QUESTION TO BE RESOLVED AFTER TALKS OPEN. WE DO NOT ENVISAGE THAT WOLFF WILL MAKE SERIES OF CALLS AT DIFFERENT JAPANESE AGENCIES, ALTHOUGH INDIVIDUAL MEMBERS OF TEAM MIGHT DO SO IF OTHER DEMANDS ON THEM ALLOW IT.

4. WE URGE THAT WOLFF, MCDONALD AND OTHERS FIND TIME TO MEND SOME FENCES REGARDING JAPANESE SENSITIVITIES ABOUT PATTERN OF CONSULTATION ON MTN ISSUES AND PROCEDURES. THERE IS SOME FEELING THAT AMB. STRAUSS HAS VISITED EC MORE OFTEN THAN JAPAN AND THAT IN GENERAL WE CONSULT MORE CLOSELY WITH EC THAN WITH JAPAN.

5. JAPANESE ARE PREPARING DRAFT TEXTS, GIVING PRIORITY TO THEIR UNILATERAL STATEMENT. WE UNDERSTAND THEY ARE AT AN EARLY STAGE BUT EXPECT PROCESS WILL MOVE QUICKLY NOW THAT HOLIDAYS COMPLETED.

6. AS TO CONTENT, WE BELIEVE THAT OUR OPPORTUNITIES TO MOVE JAPANESE MUCH FURTHER BETWEEN NOW AND WHEN STR STRAUSS DEPARTS ARE LIMITED. NOT EVERY GAP NEED BE COMPLETELY CLOSED, SINCE IT CONFIDENTIAL

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IS POSSIBLE TO HAVE A JOINT PRESS STATEMENT REFLECT SOME AREAS WHERE TOTAL AGREEMENT WAS NOT ACHIEVED, BUT ON MOST ISSUES WE SHOULD BE PREPARED TO EXPRESS SATISFACTION WITH WHAT WE CAN GET, LEAVING DOOR OPEN FOR MORE LATER IN MTN OR BILATERALLY.

7. OUR ESTIMATE OF STATUS OF KEY ITEMS IS AS FOLLOWS:

8. C/A BALANCE POLICY: GOJ WILL PREDICT REDUCTION BY 40-50 PERCENT IN JFY-78, AND SIGNIFICANTLY MORE IN JFY-79, BUT WILL NOT AGREE TO "ELIMINATE SURPLUS" OR "ACHIEVE DEFICIT." THIS ISSUE HAS GONE TO THE PRIME MINISTER, AND WE UNDERSTAND HE HAS BEEN UNWILLING TO ACCEPT EITHER PHRASE OR MAKE A DEEPER OR LONGER COMMITMENT.

9. IMPORTS OF MANUFACTURES: JAPANESE WILL PROVIDE GENERAL ASSURANCES, INCLUDING SUPPORT FOR TRADE FACILITATION COMMITTEE (TFC), ALONG LINES OF TEXTS ALREADY GIVEN US.

10. GROWTH TARGET: ASSUME CONFIRMATION AND ELABORATION OF 7 PERCENT TARGET IS ENOUGH.

11. U.S. MEASURES: JAPANESE PROBABLY WILL WANT LANGUAGE ALONG

LINES OF THEIR DEC. 28 TEXT ON U.S. EFFORTS TO REDUCE ITS DEFICIT. CHANGES WE SUGGESTED IN PARA. 5G OF REFTEL CAUSE THEM NO PROBLEM.

12. PROMOTION OF MTNS AND ADVANCE TARIFF CUTS APPARENTLY PRESENT NO MAJOR DIFFICULTY. DEEPER THAN FORMULA CUTS, HOWEVER, WILL BE A DIFFICULT ISSUE. JAPANESE DO NOT INTEND TO CHANGE THEIR MID-JANUARY OFFER LIST ANY FURTHER, WITH OR WITHOUT EXAMPLES, OR PROMISE IN ADVANCE TO DO MORE AFTER JANUARY. WE MAY ALSO HAVE DIFFICULTY IF WE WANT GOJ ITSELF TO SAY THAT, AT CONCLUSION OF MTNS, MAJOR PARTICIPANTS WILL HAVE ACCESS TO JAPAN'S MARKETS EQUIVALENT TO JAPAN'S ACCESS TO THEIR MARKETS. HOWEVER, JAPANESE MAY AGREE TO HAVING STRAUSS SAY THAT HE HAS DISCUSSED THAT POINT WITH TOP GOJ REPS AND THEY RESPONDED FAVORABLY.
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13. AGRICULTURAL QUOTAS: WE HAVE ALL WE ARE GOING TO GET NOW. THEY WILL GIVE US UNPUBLISHED ASSURANCES THAT U.S. BEEF SUPPLIERS WILL RECEIVE A BETTER SHARE OF THE INCREMENT TO GENERAL QUOTA. THEY WILL NOT BE ABLE TO USE THE WORD "LIBERALIZATION" ON ORANGES, IT RAISES THE HACKLES OF ALL THE AGRICULTURAL INTERESTS AND COULD DEFEAT OUR PURPOSE.

14. AS CHECKLIST, OTHER TOPICS WHICH ARE CLOSED TO AGREEMENT ARE: CHERRIES, STANDARD METHOD OF SETTLEMENT, GOVERNMENT PROCUREMENT, IMPORT CREDITS, EXPORT CREDITS, AID EXPANSION AND UNTYING, AND STOCKPILE PURCHASES. SMALL DIFFERENCES ON MANY OF THESE POINTS DOUBTLESS WILL ARISE ESPECIALLY AS WE TRY TO PUT WORDS ON PAPER, BUT WE SHOULD BE CLOSE ON ALL OF THEM. SOME POINTS WILL PROBABLY HAVE TO BE COVERED IN AN UNPUBLISHED SIDE DOCUMENT.

15. TACTICALLY SOME COMPROMISES CAN BE HELD UNTIL STR STRAUSS HAS HAD OPPORTUNITY MEET WITH JAPANESE AND ASSESS SITUATION. HIS PRESTIGE AND INFLUENCE ARE HIGH WITH JAPANESE WHO WILL WANT HIS APPROVAL AND UNDERSTANDING.

16. EMBASSY WILL APPRECIATE CONFIRMATION OF SCHEDULE WOLFF TEAM WISHES PURSUE.

17. WE WOULD STRESS THAT JAPANESE PRESS WILL BE FOLLOWING TRADE ISSUE MOST CAREFULLY IN DAYS TO COME. THEIR AIM WILL BE TO PRODUCE STORIES THAT CREATE AN AIR OF CONFRONTATION. WE URGE ALL PARTICIPANTS ON WOLFF MISSION TO EXERCISE GREAT CARE BEFORE DEPARTURE AND AFTER ARRIVAL HERE TO ASURE WE DO NOT STRENGTHEN HAND OF THOSE IN JAPAN WHO WILL PUSH FOR HARDER POSITIONS IF WE CREATE ATMOSPHERE IN WHICH WE APPEAR TO BE DICTATING JAPANESE POLICIES. MANSFIELD UNQUOTE CHRISTOPHER

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